

Message Text

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SUBJECT: AGREEMENT REACHED ON 1977 NATIONAL WAGE AGREEMENT

1. REPRESENTATIVES OF THE IRISH CONGRESS OF TRADE UNIONS (ICTU) AND THE FEDERATED UNION OF EMPLOYERS (FUE) AFTER WEEKS OF NEGOTIATIONS REACHED AD REFERENDUM AGREEMENT JANUARY 24 ON THE TERMS OF THE 1977 NATIONAL WAGE AGREEMENT WHICH WILL GOVERN SALARY INCREASES FOR NEARLY HALF THE IRISH LABOR FORCE FOR APERIOD OF 14 MONTHS. THE TERMS OF THE AGREEMENT ARE VERY MUCH TIED TO A GOVERNMENT OFFER MADE IN OCTOBER TO CUT TAXES BY 50 MILLION POUNDS AND TO SPEND ANOTHER 50 MILLION POUNDS ON JOB CREATION. THE GOVERNMENT'S OFFER WOULD HAVE THE DUAL EFFECT OF RAISING NET INCOME RECEIVED BY LABOR AND CREATING NEW EMPLOYMENT, AND IT WAS PUT FORWARD BY THE GOI AS AN INDUCEMENT TO LABOR TO MODERATE WAGE DEMANDS. PRECISE TERMS OF THE IMPLEMENTATION OF THE GOVERNMENT'S OFFER WILL BECOME KNOWN JANUARY 26 WHEN FINANCE MINISTER RICHIE RYAN PRESENTS THE 1977 BUDGET TO THE DAIL (IRISH PARLIAMENT). FINALLY, THE NATIONAL WAGE AGREEMENT MUST BE RATIFIED BY A SPECIAL DELEGATE CONFERENCE OF THE ICTU TO BE HALD FEBRUARY 22.

2. A SIMILAR NATIONAL WAGE AGREEMENT WAS REJECTED BY THE ICTU
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SPECIAL DELEGATE CONFERENCE LAST JUNE. AN INTERIM AGREEMENT WAS THEN CONCLUDED WHICH BRIDGED THE GAP BETWEEN THE EXPIRATION OF THE OLD AGREEMENT AND THE NEGOTIATION OF THE PRESENT AGREEMENT. ONE OF THE CAUSES OF LAST JUNE'S REJECTION WAS THE INCLUSION OF AN ESCAPE CLAUSE WHICH WOULD HAVE PERMITTED EMPLOYERS TO AVOID PAYING WAGE INCREASES IN CASE THEY WERE IN FINANCIAL DIFFICULTY. A SIMILAR CLAUSE IN THE NEW AGREEMENT STATES THAT WHERE AN

EMPLOYER, EITHER PUBLIC OR PRIVATE, CONSIDERS THAT APPLICATION OF THE AGREEMENT WOULD "SERIOUSLY AFFECT THE VIABILITY AND ECONOMIC POSITION OF THE EMPLOYMENT OR UNDERMINE MARKET COMPETITIVENESS AND LEAD TO A CONTRACTION IN EMPLOYMENT OR HAVE SERIOUS FINANCIAL OR BUDGETARY CONSEQUENCES", CERTAIN PROCEDURES WOULD APPLY TO OFFSET PAYMENT OF WAGE INCREASES.

3. THE GENERAL TERMS OF THE PAY AGREEMENT CALL FOR INCREASES IN PAY FOR ADULT EMPLOYEES IN TWO PHASES FOLLOWING A THREE MONTH PAY PAUSE. THE FIRST PHASE WOULD LAST FOR SEVEN MONTHS AND CALLS FOR A 2.5 PERCENT INCREASE IN BASIC PAY PLUS ONE POUND PER WEEK, SUBJECT TO A MAXIMUM OF 4.13 POUNDS PER WEEK. THE SECOND PHASE WOULD OPERATE FOR FOUR MONTHS AND WOULD PROVIDE AN INCREASE OF 2.5 PERCENT OF BASIC PAY PLUS ONE POUND PER WEEK SUBJECT TO A LIMIT OF 4.23 POUNDS PER WEEK. THE AGREEMENT ALSO TAKES NOTE OF PRESENT ECONOMIC DIFFICULTIES, INCLUDING SERIOUS FINANCIAL PROBLEMS IN FIRMS AS WELL AS THE NEED TO INCREASE COMPETITIVENESS BOTH AT HOME AND ABROAD, AND EMPLOYERS AND TRADE UNIONS HAVE AGREED TO COOPERATE IN MEASURES DESIGNED TO INCREASE PRODUCTIVITY AND PRESERVE THE VIABILITY OF BUSINESS.

4. THE NEGOTIATION OF THE 1977 AGREEMENT IS A WELCOME DEVELOPMENT. IF ADOPTED, IT OFFERS PROMISE OF STABILITY IN INDUSTRIAL RELATIONS FOR 14 MONTHS AND INTRODUCES AN ELEMENT OF MODERATION IN WAGE INCREASES. THIS SHOULD MAKE A HELPFUL CONTRIBUTION TOWARD THE CONTINUING EFFORT IN IRELAND TO CURB THE RATE OF INFLATION WHICH REACHED 20 PERCENT IN 1976. THE CONTRIBUTION OF THE NATIONAL BUDGET TO THE CONTROL OF INFLATION REMAINS TO BE SEEN. CURLEY

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